# Becoming a cutting-edge, trusted global market leader

May 2014

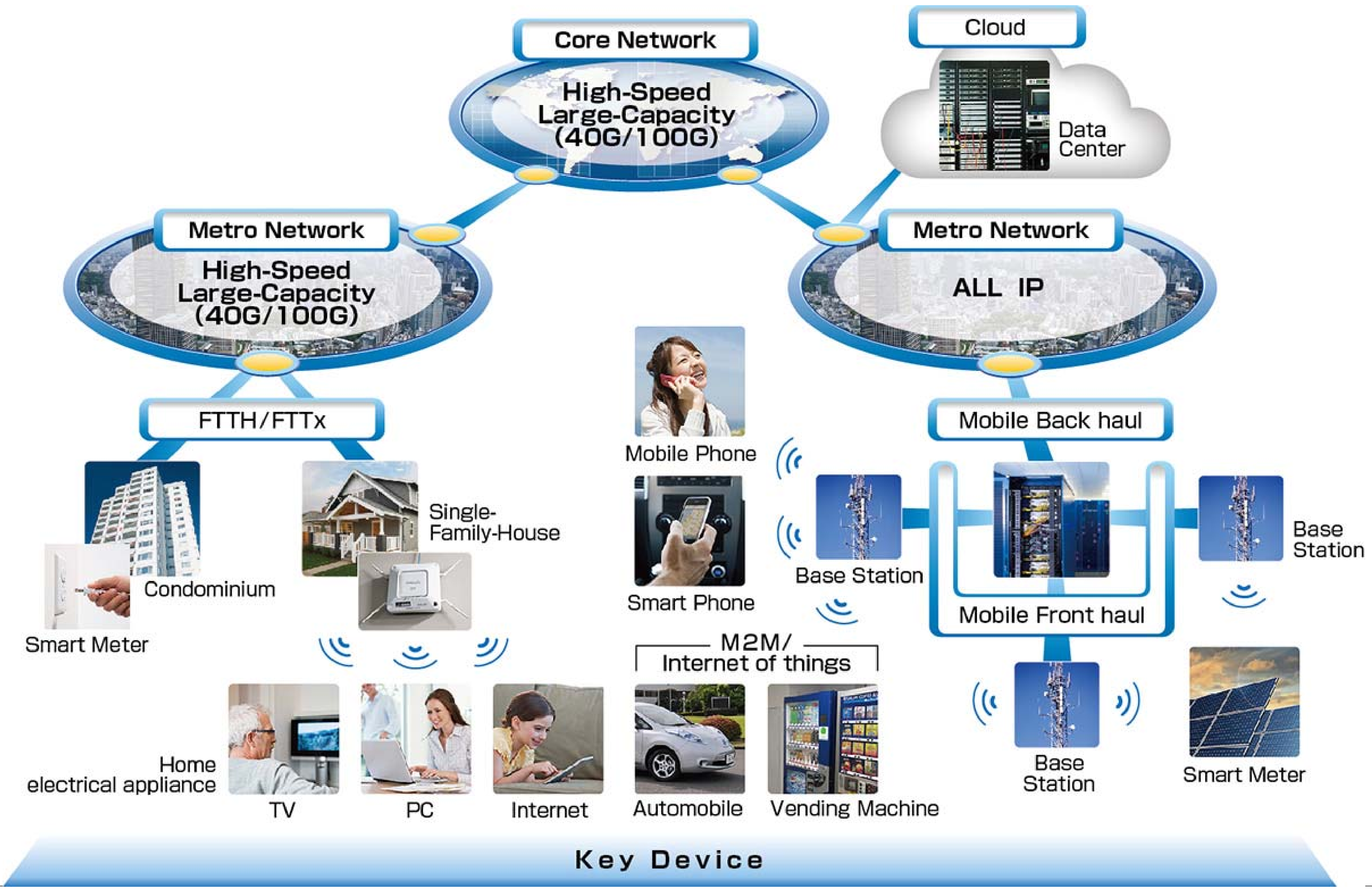
Anritsu Corporation

TSE code : 6754

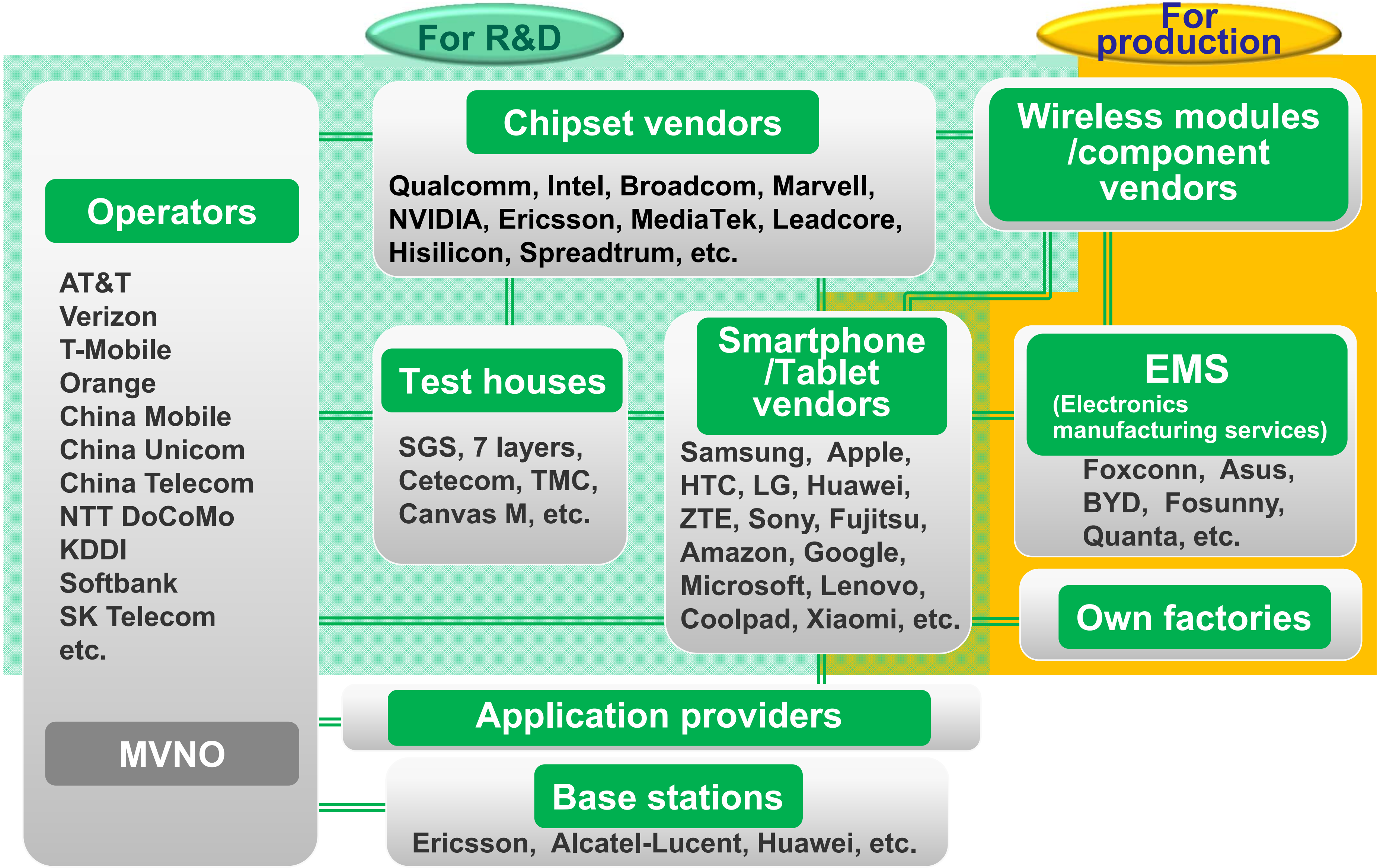
http://www.anritsu.com

envision : ensure

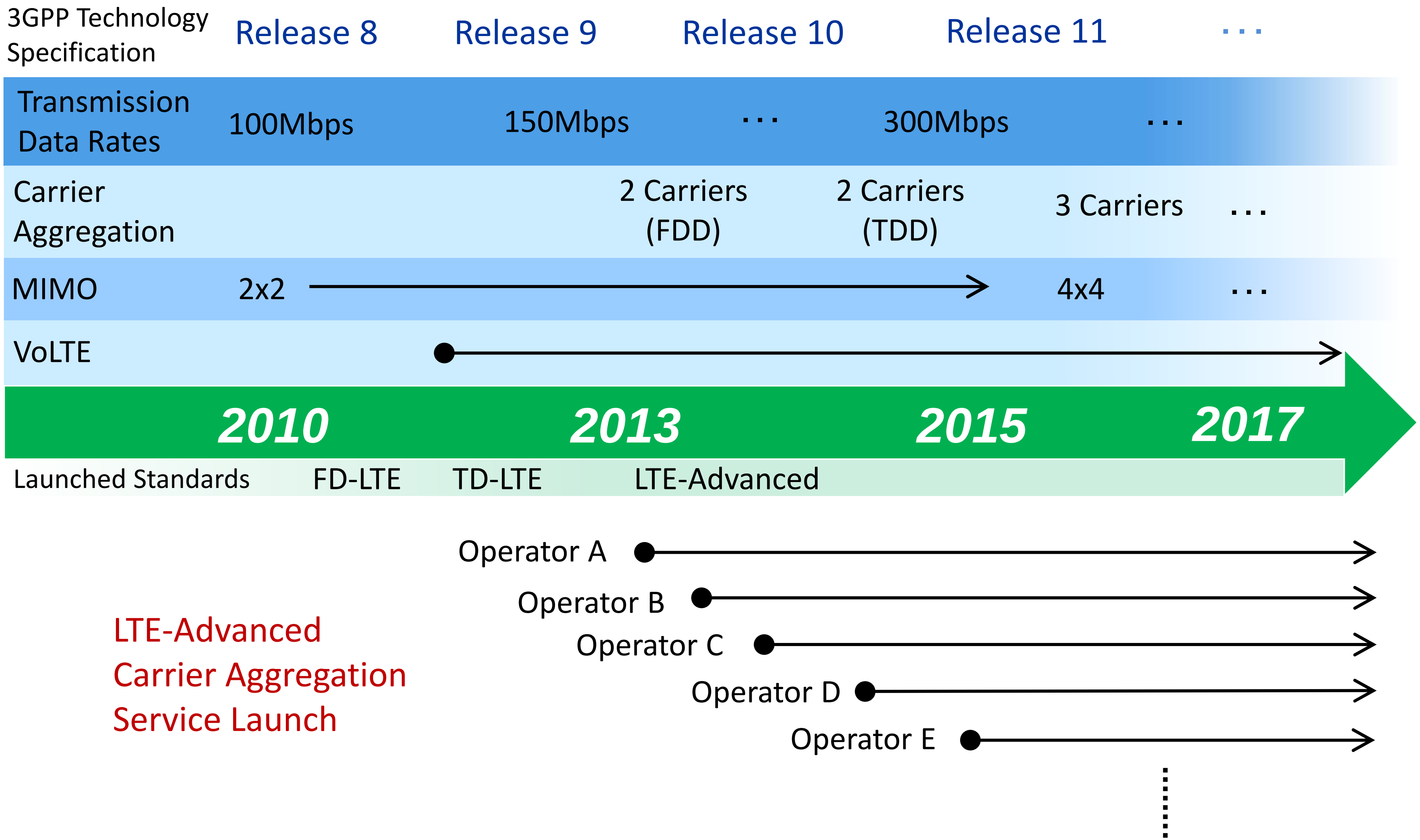
# 1. Network Infrastructure to support Mobile Broadband



# 2. Food chain and players in mobile telecom. market



# 3-1. Roadmap for LTE Technology Rollout and Commercialization



# 3-2. Value-adding innovation to meet the LTE roadmap

**For R&D** Main customers：Chipset vendors, handset vendors and operators

| | 2010 | 2013 | 2015 | 20xx |
|---|---|---|---|---|
| Launched standards | FD-LTE | TD-LTE | LTE A | LTE B,･･･,LTE X |

## Key factors for success

**①Time to market that meets customer's development schedule**
**②Creation of customer value**

**Raises customer Value**

**Value-adding Innovation**

## Continuous Support Service

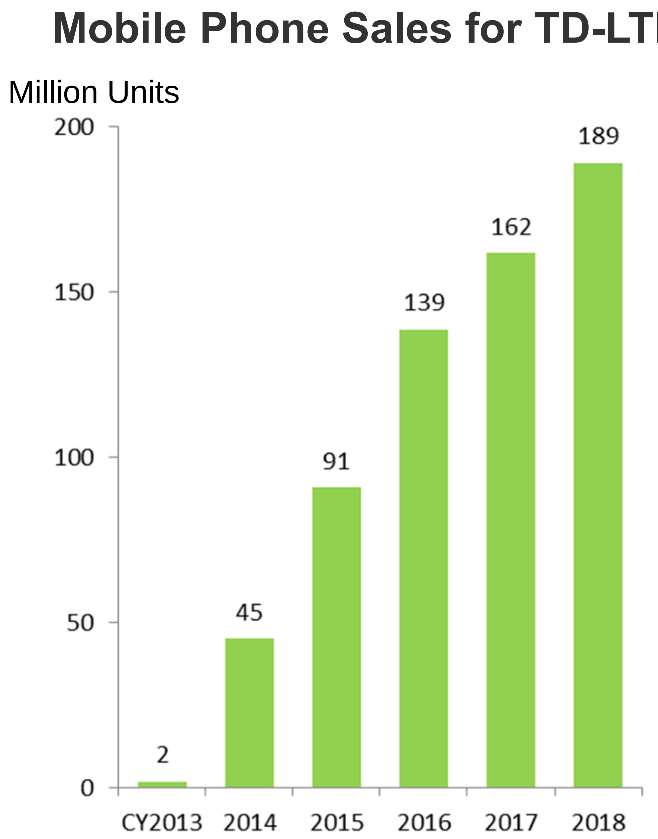
**①Systems that are compatible and cohesive**
**②Meeting customer requests (New testing , Operator Acceptance Test , etc.)**
**③Providing integrated solutions, etc.**

# 3-3. Business chance in TD-LTE market

32 operators in 21 countries have launched commercial service, and 47 operators are planning to introduce TD-LTE

## ■Trends in Chinese Market

- TD-LTE license has been approved in December 2013
- China Mobile is aiming to install 500,000 TD-LTE base stations, covering 340 cities in China by the end of 2014, which is the biggest TD-LTE network in the world
- China mobile has a plan to sell 100 million handsets for TD-LTE in 2014




Source: Gartner

# 3-4. Mobile R&D business – various market segments

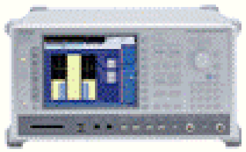
| | Platform(Core) Development | Conformance test | | Operator Acceptance test | Smartphone Commercial test |
|---|---|---|---|---|---|
| | | RF | Protocol | | |
| Uses | Comm. standard development<br>Chipset development | Conformance test<br>Interoperability test | | Comm. Carrier acceptance test | Application development<br>UE operation test |
| Main customers | Chipset vendor<br>UE vendor | Chipset vendor, UE vendor,<br>Communication Carrier | | Comm. Carrier<br>Test house | UE vendor<br>Applications developer |
| Main theme | ・FD-LTE, TD-LTE, LTE-Advanced technologies (Carrier aggregation etc.)<br>・VoLTE (Voice over LTE)<br>・MIMO (Multi Input Multi Output)<br>・Chipset unification of 3G/LTE and SRW (Short Range Wireless) | | | | ・Improve data throughput<br>・Battery consumption etc. |
| Market trend / Business opportunity | Keep No.1 position | Keep No.1 position | Growing market<br>Position improve | Growing market<br>Position improve | Growing market<br>Position improve |
| Products |  |  |  |  |  |
| Main Competitors | Rohde & Schwarz | | Rohde & Schwarz, Agilent, Anite, Spirent | | Rohde & Schwarz, Agilent, Aeroflex |

# 3-5. Mobile production business

**For production**

Main customers : Handset vendors, module/component vendors and EMS

**Our solutions : Specialized one box testers**



**2 ports for 2G/3G/LTE test**

**4 ports for 2G/3G/LTE & SRW (Short Range Wireless) test**

**Demand triggers**

① Improvement of productivity (efficiency, multi-ports)
② Production line change: 3G → LTE(FDD,TDD)
③ Expanding production capacity
④ Testing process integration: SRW (W-LAN, Bluetooth, etc.)
⑤ Reference design provided by chipset vender

**Key factors for Success**

Customer support for improvement of productivity and efficiency (incl. R&D support)

**Main Competitors**

Rohde & Schwarz, Agilent, Teradyne, Aeroflex, National Instruments

# 4. T&M business operating model

| | FY2012 | FY2013 | Mid-term operating Model |
|---|---|---|---|
| Revenue | 71.2B yen | 76.0B yen | CAGR ≧7% |
| COGS | 38% | 38% | 39-42% |
| SG&A | 30% | 33% | 28% |
| R&D | 11% | 12% | 10-13% |
| Operating margin | 21% | 17% | ≧20% |

# 5. Middle and long-term management basic strategy

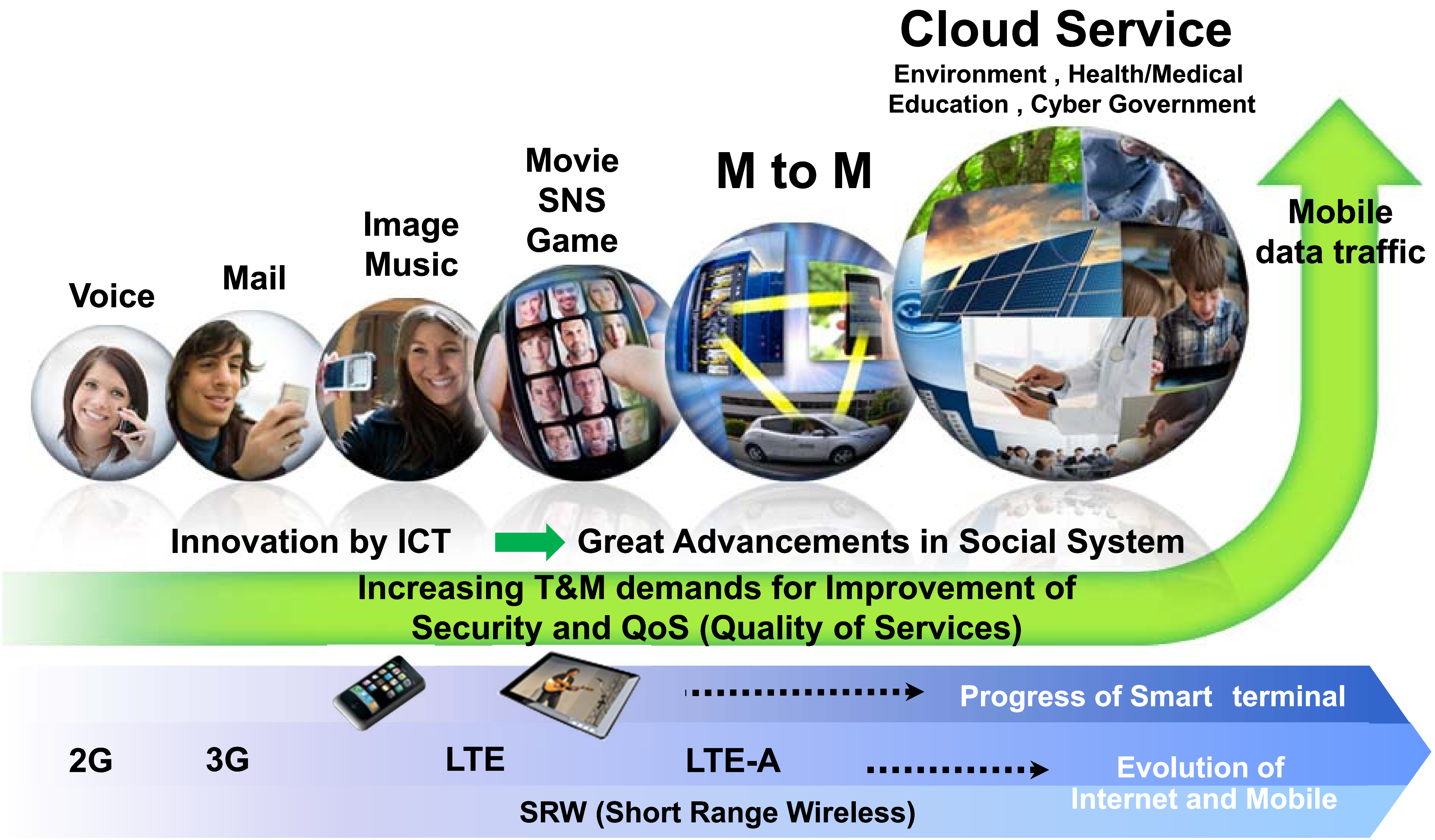
## Capture growth drivers without fail, and realize "continuous profitable growth"

| | Market average annual growth rate | Growth driver | Target | |
|---|---|---|---|---|
| | | | Sales growth rate | Operating margin |
| T&M | 3-5% | (1)Mobile broadband service market<br>(2)Asia Market | ≧7% | ≧20% |
| Indust. Auto. | 3-5% | Asia Market<br>North America Market | ≧7% | ≧12% |
| Consolidated | — | — | — | ≧18% |

| | | | |
|---|---|---|---|
| **ROE** | — | — | **≧20%** |

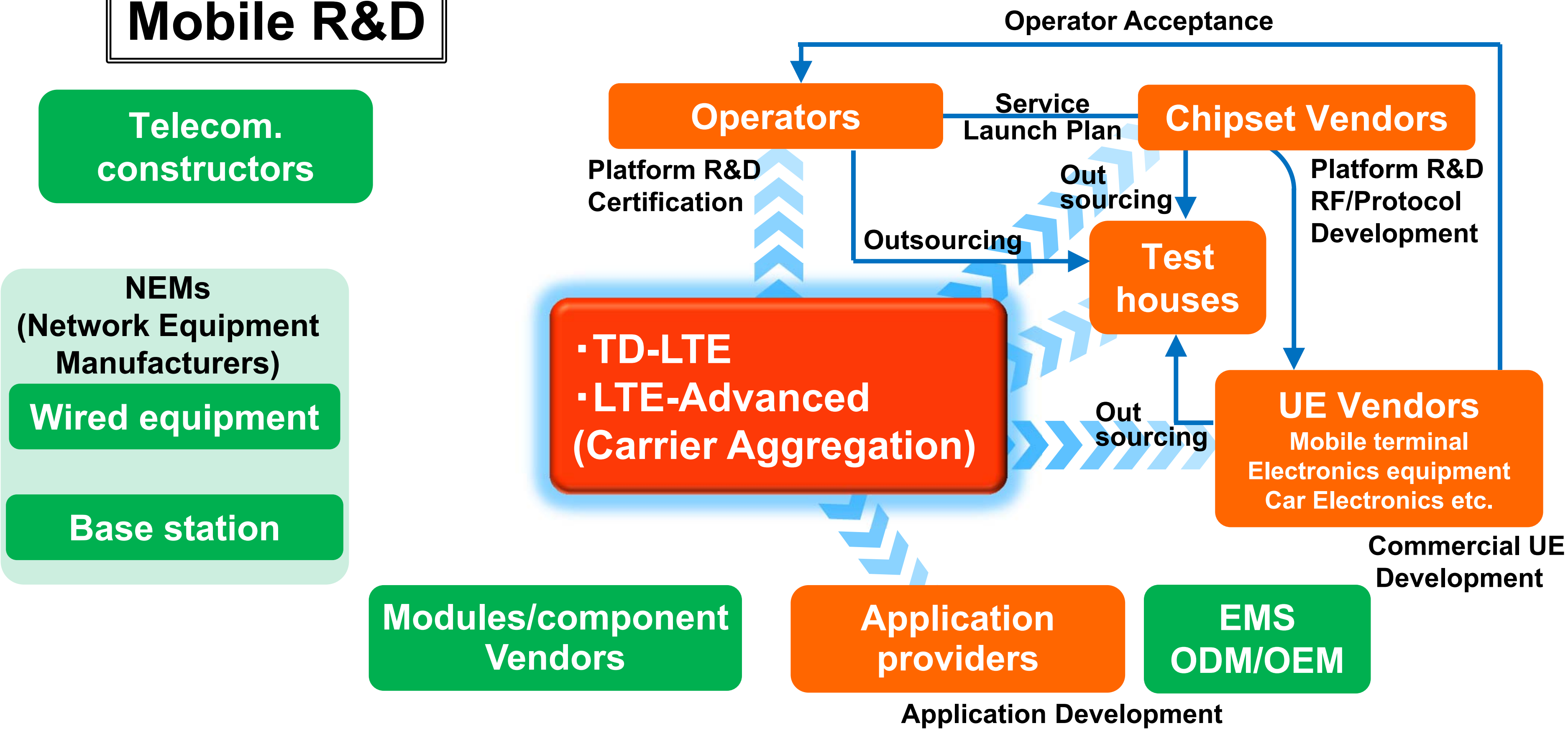
# 6-1. T&M Business Environment

Increased growth of fields supporting mobile as social infrastructure



# 6-2. Current and Mid-term Business Opportunity

## Mobile R&D




**T&M solutions**

- Communication Standard Development, Chipset Development, Conformance test, Interoperability test, Operator Acceptance test
- Application Development, UE operation testing

# 6-3. Current and Mid-term Business Opportunity

## Mobile Production

Telecom. constructors

Operators

Chipset Vendors

Reference Design

Test houses

NEMs (Network Equipment Manufacturers)

- Wired equipment
- Base station

- Middle / Low-end Smartphone
- Chinese local players
- MtoM / Cloud services

**UE Vendors**
Mobile terminal
Electronics equipment
Car Electronics etc.

Out sourcing

Improvement of productivity
Integration of Cellular & SRW

Modules/component Vendors

Cellular & SRW

Application providers

EMS ODM/OEM

Supply modules/components

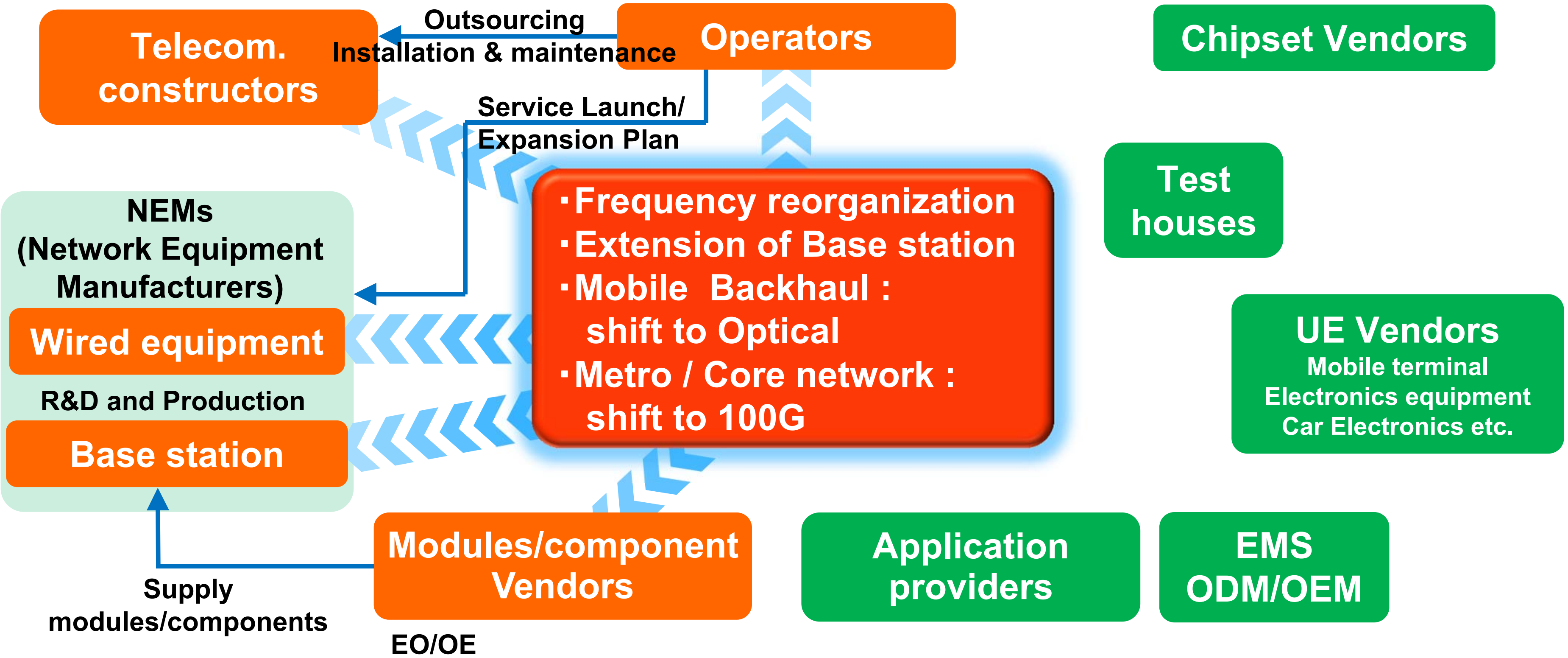
**T&M solutions**

**One Box Tester**
**- Production quality testing**

- Cellular & SRW testing
- Multi-port testing for improvement of productivity

# 6-4. Current and Mid-term Business Opportunity

## NW Infrastructure, Electronics




**T&M solutions**

- Installation & maintenance of wireless base station & mobile backhaul
- R&D & production of network equipment

# 7-1. Industrial Automation business

**Processed food, etc.**

Production line for food, pharmaceuticals, etc.


| Automatic Combination Weigher | X-ray Inspection System | Metal Detector | Checkweighers |
|---|---|---|---|
| Subdivides the materials into a fixed quantity | Detects contaminants, shape testing, etc. | Detects metallic contaminants | Checks quality and quantity and missing material |

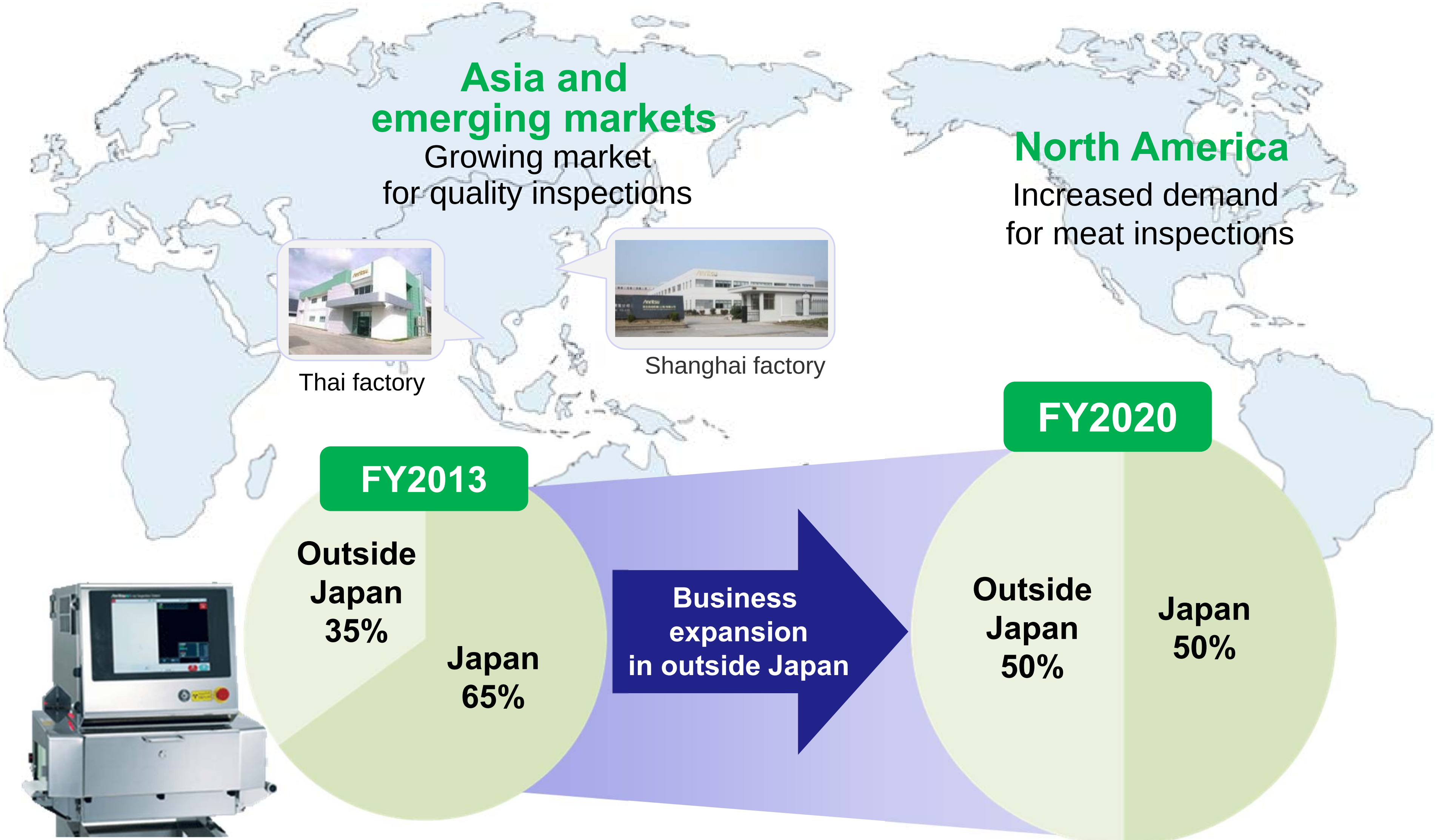
**Comprehensive Production Management System**

Integrated control of the overall operating status of the production line

**Secure & Safety to consumer**

| **Major customers** | Kraft Foods Group, Inc., Unilever,<br>Nippon Ham Group, Glico Group, Nissui Group, etc. |
|---|---|

# 7-2. Industrial Automation Business Target



# 8. Profit Distribution policy

The Company's core policy for returning profits to its shareholders is to distribute profits in accordance with its consolidated performance. With regard to dividend, while taking the basic approach of raising dividends on equity (DOE) in accordance with the increase in consolidated profits for the fiscal year, the Company aims at a consolidated dividend payout ratio of 25% or more. Furthermore, the Company will incorporate total return ratio as its policy for returning profits and consider purchasing treasury stock in an effort to return profits to its shareholders.

| (Consolidated) | Actual | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | J-GAAP | | | | | IFRS | | |
| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2011 | FY2012 | FY2013 |
| ROE | - | - | 1.0% | 7.9% | 21.5% | 19.5% | 25.0% | 13.3% |
| Dividend per share (Yen) | 7.0 | 3.5 | 0.0 | 7.0 | 15.0 | 15.0 | 20.0 | 20.0 |
| DOE | 1.6 | 1.0 | 0.0 | 2.3 | 4.2 | 4.9 | 5.1 | 4.1 |

# Appendix(1)
# CAPEX, Depreciation and R&D Expenses

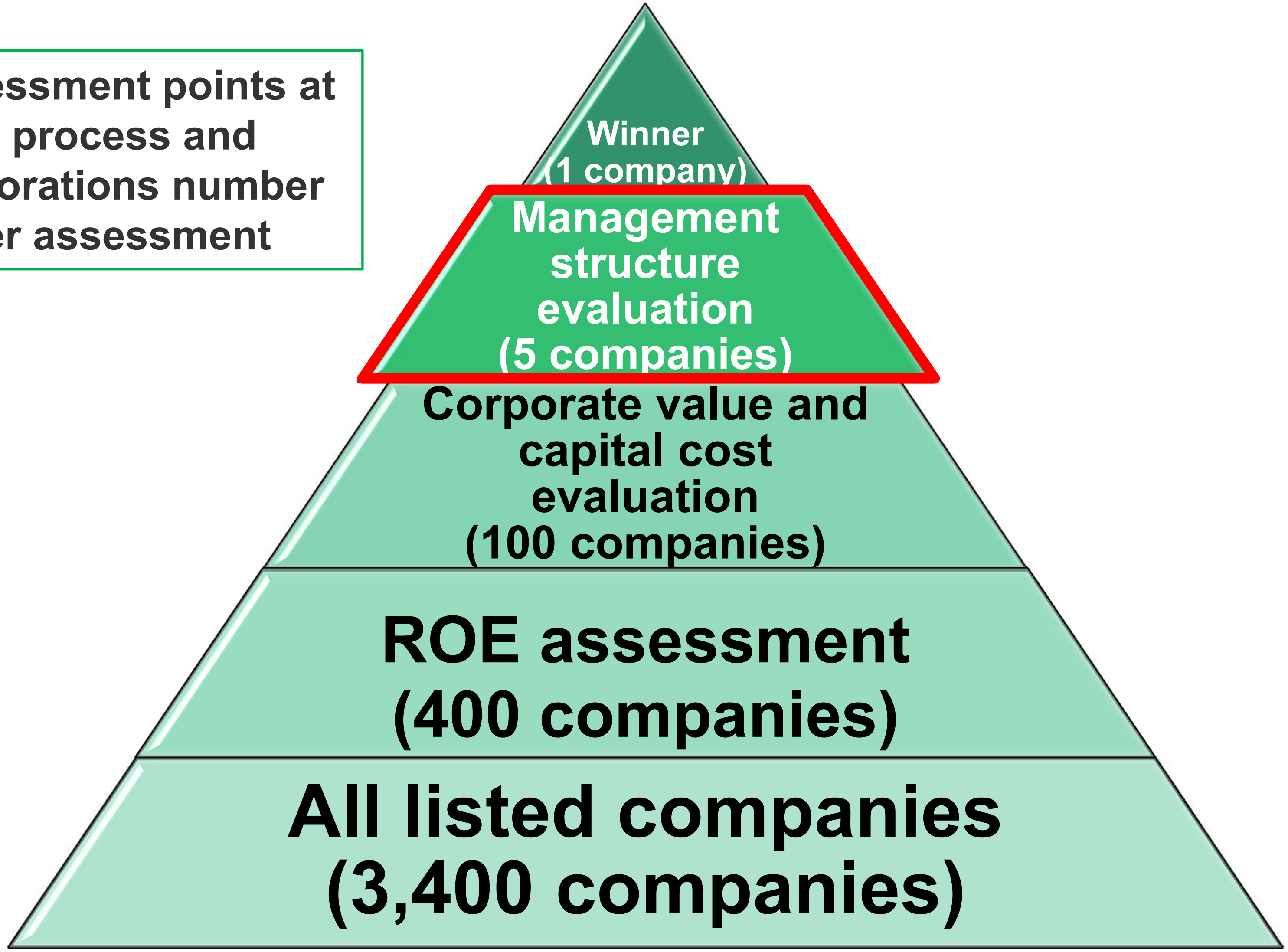
(Millions of yen, round down)

| (Consolidated) | Actual | | | | | | | | Estimate |
|---|---|---|---|---|---|---|---|---|---|
| | J-GAAP | | | | | IFRS | | | |
| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2011 | FY2012 | FY2013 | FY2014 |
| CAPEX | 2,790 | 2,236 | 1,134 | 1,549 | 3,165 | 3,200 | 4,562 | 5,355 | 7,000 |
| Depreciation | 3,373 | 3,099 | 2,979 | 2,589 | 2,555 | 2,469 | 2,562 | 2,863 | 3,000 |
| R&D Expenses | 14,115 | 11,704 | 9,387 | 9,380 | 10,012 | 9,842 | 10,323 | 12,488 | 13,000 |
| as % of Net Sales | 14.0% | 13.9% | 12.8% | 12.0% | 10.7% | 10.5% | 10.9% | 12.3% | 11.9% |

(*1) Capitalized development cost booked as intangible asset for the fiscal year is not included.
(*2) Amortization of capitalized development cost is not included.
(*3) R&D expenses for the fiscal year 2011, 2012 and 2013(estimate) are amounts of R&D investment including capitalized development cost.
Thus, these amounts do not tally with the R&D expense booked on the consolidated statement of comprehensive income.

# Appendix(2) Received "Excellence Award" for Corporate Value Improvement from Tokyo Stock Exchange

Assessment points at each process and corporations number under assessment



# Appendix(3) The New Brand Statement

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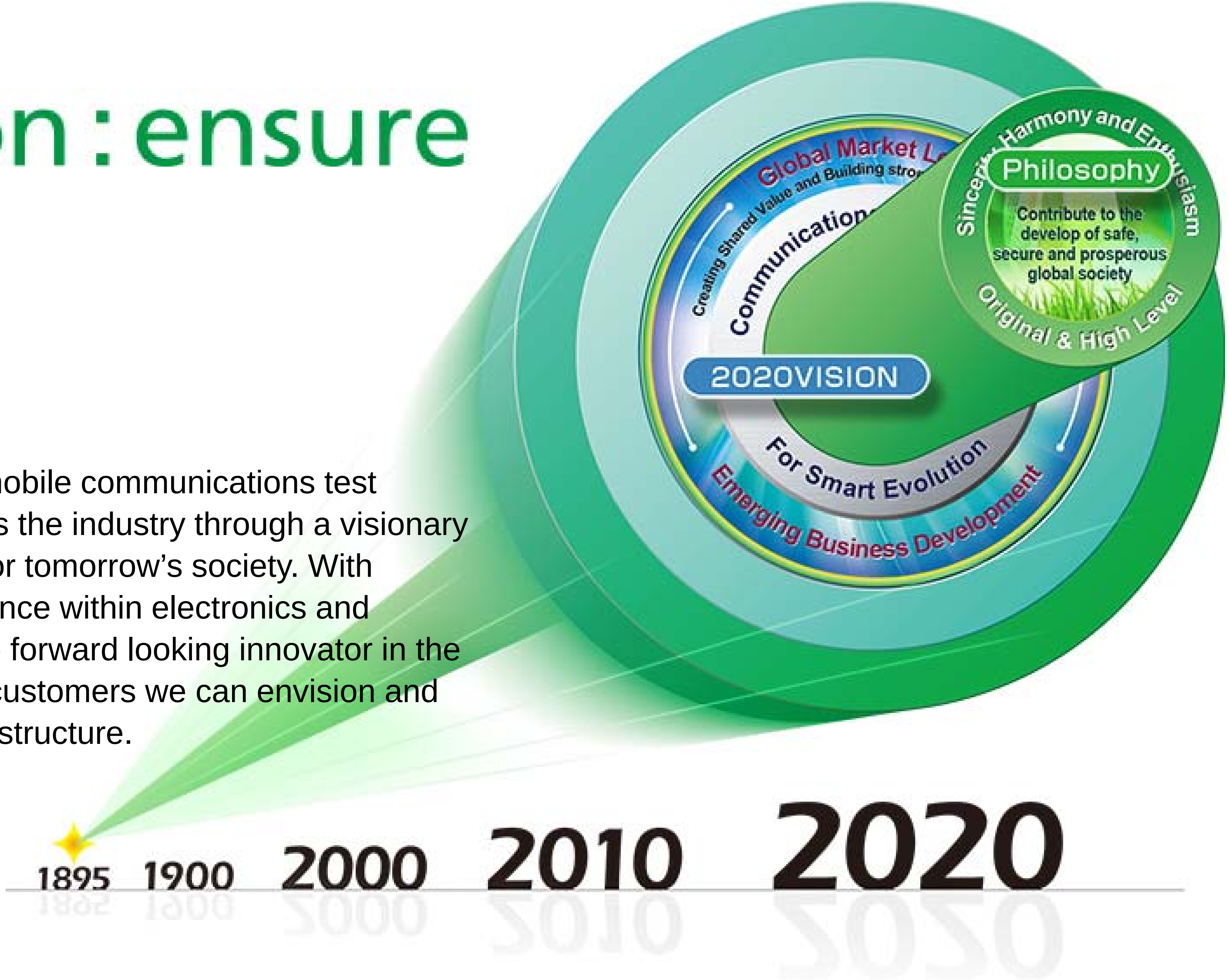
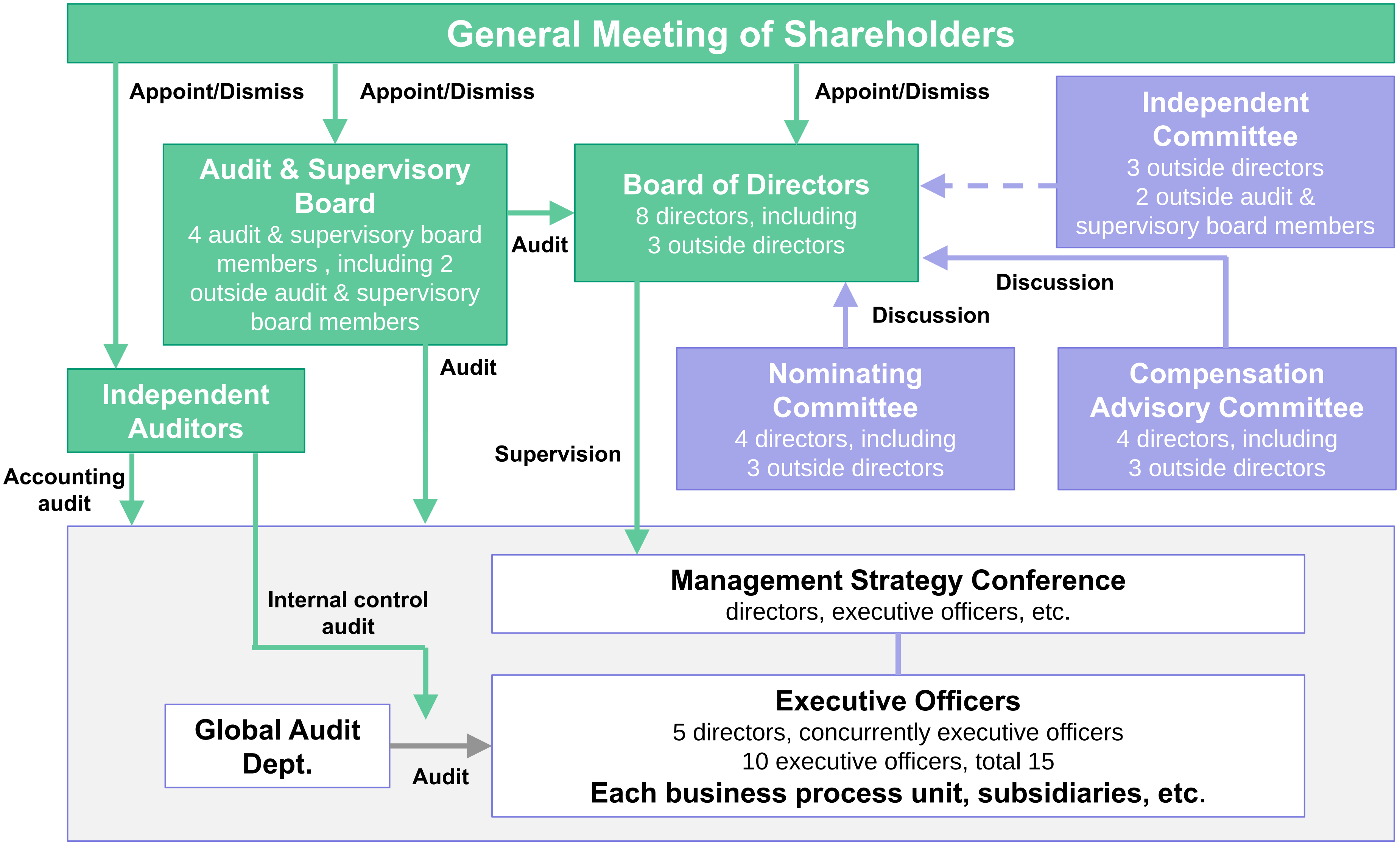



As a leading supplier of mobile communications test solutions, Anritsu supports the industry through a visionary partnership, to innovate for tomorrow's society. With almost 120 years' experience within electronics and telecoms, Anritsu is a true forward looking innovator in the business. Together with customers we can envision and ensure future mobile infrastructure.

# Appendix(4) Corporate Governance



# Cautionary Statement

All information contained in this release which pertains to the current plans, estimates, strategies and beliefs of Anritsu Corporation (hereafter "Anritsu") that is not historical fact shall be considered forward-looking statements of future business results or other forward-looking projections pertinent to the business of Anritsu. Implicit in reliance on these and all future projections is the unavoidable risk, caused by the existence of uncertainties about future events, that any and all suggested projections may not, come to pass. Forward-looking statements include but are not limited to those using words such as "believe", "expect", "plans", "strategy", "prospects", "forecast", "estimate", "project", "anticipate", "may" or "might" and words of similar meaning in connection with a discussion of future operations or financial performance.

Actual business results are the outcome of a number of unknown variables and may substantially differ from the figures projected herein.
Factors which may affect the actual business results include but are not limited to the economic situation in the geographic areas in which Anritsu conducts business, including but not limited to, Japan, Americas, Asia, and Europe, changes in actual demand for Anritsu products and services, increases or decreases in the competitive nature of markets in which Anritsu sells products or buys supplies, changing aptitudes at providing services, and exchange rates.

You also should not place reliance on any obligation of Anritsu to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Anritsu disclaims any such obligation.